

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE



ANNUAL REPORT
TO SHAREOWNERS

1960

Walgreen Co.



DIRECTORS

A. A. BORG	C. E. La FRAMENTA
SANFORD J. BOWYER	EDWARD P. LESLIE
C. R. CAMPBELL	S. S. RAAB
ROBERT G. KNIGHT	A. L. STARSHAK
C. R. WALGREEN, JR.	

OFFICERS

C. R. WALGREEN, JR.	<i>President</i>
H. W. BECKER	<i>General Auditor</i>
A. A. BORG	<i>Vice President</i>
SANFORD J. BOWYER	<i>Vice President</i>
C. R. CAMPBELL	<i>Vice President</i>
O. G. GILE	<i>Assistant Secretary</i>
M. R. KEPHART	<i>Vice President</i>
ROBERT G. KNIGHT	<i>Vice President and Treasurer</i>
C. E. LA FRAMENTA	<i>Vice President</i>
EDWARD P. LESLIE	<i>Vice President</i>
W. W. LOW	<i>Assistant Treasurer</i>
A. F. MERNER	<i>Assistant Secretary</i>
W. K. MISKE	<i>Assistant Secretary</i>
S. S. RAAB	<i>Vice President</i>
W. H. REESE	<i>Assistant Secretary</i>
R. G. SCHMITT	<i>Secretary</i>
A. L. STARSHAK	<i>Vice President</i>
N. P. STARSHAK	<i>Comptroller</i>

Public Accountants and Auditors.....ARTHUR ANDERSEN & Co.

Transfer Agents... THE FIRST NATIONAL BANK OF CHICAGO
MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Registrars..... HARRIS TRUST AND SAVINGS BANK OF CHICAGO
THE FIRST NATIONAL CITY BANK OF NEW YORK

General Offices, 4300 W. Peterson Ave., Chicago 46, Ill.

The President's Annual Message



SALES for our 1960 fiscal year ending September 30th reached a new high—over 312 millions. Earnings also reached a record high of \$4.35 per share on all shares outstanding at the close of the year, including those paid out as a stock dividend just

before the year-end. On the same number of shares, the comparable figure for a year ago is \$4.18.

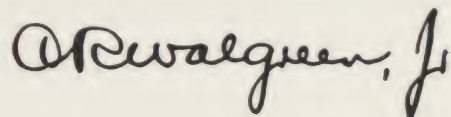
Our expansion activity was substantial during the year. We opened 40 new stores, converted 3 more to

self service type operation and made extensive improvements to many others. We closed 11 stores, 8 of which were replaced by new and larger stores in close proximity. At our fiscal year-end we were operating 451 stores, of which 220 were self service.

In the current year the number of openings will be a few less. One of these new stores will be our first in Puerto Rico, which will be opening within the next few days.

Competition changes its form or type from time to time and at present certainly is no less intense. We shall continue to meet it aggressively, and I believe we have a strong organization and a sound competitive set-up.

Sincerely,

A handwritten signature in cursive script, reading "A. Walgreen, Jr.", written in dark ink.

President

Chicago, November 25, 1960

Walgreen Co. and Subsidiary Companies

COMPARATIVE

ASSETS

	September 30,	
	1960	1959
CURRENT ASSETS:		
Cash	\$ 4,954,290	\$ 5,846,010
Accounts receivable, less reserves	4,498,197	4,211,626
Inventories of merchandise, priced at the lower of cost or market, less reserves	38,276,525	34,462,108
TOTAL CURRENT ASSETS	47,729,012	44,519,744
PREPAID RENT, INSURANCE, TAXES, ETC.	1,550,783	1,123,302
INVESTMENTS IN AFFILIATED AND OTHER COMPANIES, at cost (equity in underlying book values or market value \$4,890,000 in 1960 and \$4,260,000 in 1959)	1,679,786	1,668,978
FIXED ASSETS, at cost:		
Land	68,000	163,180
Buildings (on owned and leased land)	1,540,420	1,594,159
Equipment	31,991,564	28,274,330
	33,599,984	30,031,669
Less—Reserves for depreciation	14,161,519	13,077,849
TOTAL FIXED ASSETS	19,438,465	16,953,820
GOODWILL, LEASEHOLDS, LEASEHOLD IMPROVEMENTS, ETC., at nominal amount	1	1
	\$70,398,047	\$64,265,845

NOTE:

In 1957, the shareowners approved a restricted stock option plan for key employees, including officers. At September 30, 1960, 44,225 shares of common stock were reserved for issuance under this plan of which options are outstanding for 42,075 shares at prices ranging from \$25.45 to \$43.48. Options granted under this plan are exercisable beginning one year from the

BALANCE SHEET

LIABILITIES

	September 30,	
	<u>1960</u>	<u>1959</u>
CURRENT LIABILITIES:		
Trade accounts payable	\$10,520,958	\$ 9,275,576
Accrued expenses and other liabilities	8,680,644	7,933,400
Federal and State income taxes	3,983,351	4,740,812
Notes payable	2,000,000	950,000
TOTAL CURRENT LIABILITIES	25,184,953	22,899,788
SHAREOWNERS' EQUITY:		
Common stock, \$10 par value—		
Authorized 1,955,522 shares, issued and outstanding 1,381,275 shares in 1960 and 1,336,207 shares in 1959, at stated value . . .	17,091,655	14,826,033
Earned surplus	28,121,439	26,540,024
TOTAL SHAREOWNERS' EQUITY	45,213,094	41,366,057
	 <u>\$70,398,047</u>	 <u>\$64,265,845</u>

date of grant over a period not exceeding five years and in reduced amounts thereafter through 1967. During 1960, 12,033 shares became exercisable of which 9,424 were exercised; and, previously granted options required an adjustment of 1,226 shares because of the 3% stock dividend declared in 1960.

Walgreen Co. and Subsidiary Companies

COMPARATIVE STATEMENT OF INCOME

For the Years Ended September 30, 1960 and 1959

	<u>1960</u>	<u>1959</u>
SALES AND OTHER INCOME:		
Net sales and other store income	\$312,365,247	\$285,079,083
Other income (net)	277,320	269,541
	<u>312,642,567</u>	<u>285,348,624</u>
COSTS AND DEDUCTIONS:		
Cost of sales and of selling, occupancy and administration, except depreciation	297,012,382	270,065,023
Depreciation of buildings and equipment	2,250,514	2,086,711
Provision for contribution to employees' retirement pension trust	1,454,000	1,693,000
Improvements to leased properties	304,686	401,396
	<u>301,021,582</u>	<u>274,246,130</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES	11,620,985	11,102,494
Provision for income taxes	5,610,000	5,330,000
NET INCOME	<u>\$ 6,010,985</u>	<u>\$ 5,772,494</u>

COMPARATIVE STATEMENT OF SHAREOWNERS' EQUITY

For the Years Ended September 30, 1960 and 1959

Earned Surplus		
Balance, beginning of year	\$ 26,540,024	\$ 24,709,763
Net income	6,010,985	5,772,494
	<u>32,551,009</u>	<u>30,482,257</u>
Deduct—Dividends paid—		
Cash dividends of \$1.60 per share in each year	2,148,694	2,077,852
3% stock dividend—		
Transferred to common stock for shares issued	2,013,886	1,658,453
Cash payment for fractional shares	266,990	205,928
	<u>4,429,570</u>	<u>3,942,233</u>
Balance, end of year	<u>\$ 28,121,439</u>	<u>\$ 26,540,024</u>
Common Stock		
Balance, beginning of year	\$ 14,826,033	\$ 12,924,850
Proceeds from shares issued under employees' stock option plan . . .	251,736	242,730
Transfer of earned surplus in connection with 3% stock dividend . . .	2,013,886	1,658,453
Balance, end of year	<u>\$ 17,091,655</u>	<u>\$ 14,826,033</u>

ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET
CHICAGO 3

To the Board of Directors,

WALGREEN CO.:

We have examined the consolidated balance sheet of WALGREEN CO. (an Illinois corporation) AND SUBSIDIARY COMPANIES as of September 30, 1960, and the related statements of consolidated income and shareowners' equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and shareowners' equity present fairly the financial position of Walgreen Co. and Subsidiary Companies as of September 30, 1960, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,

November 11, 1960.

1960 . . . *Greatest Growth*



GRAND OPENING RIBBON-CUTTING SCENE

Customers, wielding small souvenir scissors, enjoy cutting ribbon to open their new Walgreens . . .

Year



MORE NEW STORES

Every Twelfth Walgreens is a Brand
New 1960 Drug Store!

- ATLANTA, GA., *Moreland Shopping Center*
- BETTENDORF, IOWA, *Duck Creek Plaza*
- BRADENTON, FLA., *Cortez Plaza*
- CHICAGO, ILL., *47th & Ashland Ave.*
- CHICAGO, ILL., *3239 Lawrence Ave.*
- CHICAGO, ILL., *4827 Milwaukee Ave.*
- CHICAGO, ILL., *New Hyde Park Shopping Center*
- CHICAGO, ILL., *Ridge Center*
- CHICAGO HEIGHTS, ILL., *Otto Mall*
- CINCINNATI, OHIO, *535 Race St.*
- COLUMBIA, S. C., *Midland Shopping Center*
- DEERFIELD, ILL., *Deerfield Commons Shopping Center*
- DENVER, COLO., *Alameda Shopping Center*
- ELMWOOD PARK, ILL., *Harlem & North Aves.*
- FT. WAYNE, IND., *Northcrest Shopping Center*
- HOUSTON, TEX., *10800 S. Post Oak Rd.*
- JACKSONVILLE, FLA., *Lakewood Shopping Center*
- JOLIET, ILL., *Hillcrest Shopping Center*
- LAKE CHARLES, LA., *Greinwich Shopping City*
- LOUISVILLE, KY., *Algonquin Manor Shopping Center*
- LOUISVILLE, KY., *Hikes Point Shopping Center*
- MARKHAM, ILL., *Canterbury Shopping Center*
- MELROSE PARK, ILL., *Winston Park Plaza*
- MEMPHIS, TENN., *Midtown Shopping Center*
- MENLO PARK, N. J., *Menlo Park Shopping Center*
- METAIRIE, LA., *Lakeside Shopping Center*
- MIAMI, FLA., *Central Shopping Plaza*
- MIAMI, FLA., *Northside Center*
- MILWAUKEE, WISC., *Mid-City Shopping Center*
- MILWAUKEE, WISC., *Mitchell Park Shopping Center*
- NEW ORLEANS, LA., *2606 Jefferson Hwy.*
- NORTHBROOK, ILL., *Northbrook Meadows*
- OAK LAWN, ILL., *Green Oak Shopping Center*
- ORLANDO, FLA., *Orange Blossom Trail Shopping Center*
- PHOENIX, ARIZ., *Tower Plaza Shopping Center*
- PORT ARTHUR, TEX., *Jefferson City Shopping Center*
- SAN ANTONIO, TEX., *North Star Mall*
- SAN ANTONIO, TEX., *Northwest Center*
- VILLA PARK, ILL., *Villa Market*
- WEST PALM BEACH, FLA., *Palm Coast Shopping Plaza*

Additionally, other units were modernized,
some enlarged, some converted to self-service . . .

Growth... Today's Stores Are Bigger, Better, Busier . . .



Constant introduction of new and improved Walgreen Products adds impetus to our Manufacturing Laboratory's production growth. Quality-guaranteed and value-priced, Walgreen Products are best buys for customers, for you.

Illustrated are: Walgreens Smokers' Tooth Paste, Tidy Roll-on Lotion Deodorant, Hillrose K Hand and Skin Cream.

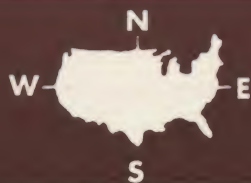


NEW JACKSONVILLE, FLA., WAREHOUSE

Strategic new location serves Walgreen Drug
Stores and Agencies in southeast . . .



Ever-rising prescription volume, increasing at even greater rate than overall store sales, is reflected by expanding size of Prescription Departments.
Basis for this consistent growth: *Dependable service at reasonable prices.*



There's Usually a Walgreens Nearby . . .

— DIRECTORY OF WALGREEN DRUG STORES —

ALABAMA (1)

Mobile

ARIZONA (7)

Phoenix (5)
Tucson (2)

ARKANSAS (3)

Fort Smith
Hot Springs
Little Rock

CALIFORNIA (13)

Alameda
Daly City
Hayward
Oakland
Palo Alto
Redwood City
Sacramento (2)
San Francisco (3)
San Mateo
Santa Monica

COLORADO (13)

Boulder
Colorado Springs
Denver (7)
Englewood
Fort Collins
Lakewood
Pueblo

CONNECTICUT (2)

Bridgeport
Hartford

FLORIDA (25)

Bradenton
Daytona Beach
Fort Lauderdale
Hialeah
Jacksonville (4)
Lakeland
Miami (6)
N. Miami Beach
Orlando (2)
Panama City
Pensacola
St. Petersburg
Tallahassee
Tampa
West Palm Beach (2)

GEORGIA (8)

Atlanta (6)
Columbus
Savannah

ILLINOIS (148)

Arlington Heights
Aurora
Berwyn (2)
Bloomington
Blue Island
Bridgeview
Centralia
Champaign
CHICAGO (85)
Chicago Heights
Cicero (2)
Danville
Decatur (2)
Deerfield
Des Plaines
Downers Grove
East St. Louis
Elgin
Elmhurst
Elmwood Park
Evanston
Evergreen Park
Galesburg
Glen Ellyn
Harvey
Highland Park (2)
Hinsdale
Joliet (2)
Kankakee
La Grange
Lake Forest
Markham
Melrose Park
Moline
Morton Grove
Norridge
Northbrook
Oak Lawn
Oak Park (3)
Park Ridge (2)
Peoria (2)
Quincy
Rockford (2)
Rock Island
Skokie (3)
Springfield
Sterling
Villa Park
Waukegan (2)
Western Springs
Wheaton

INDIANA (17)

Anderson
East Chicago
Fort Wayne (4)
Gary (3)
Hammond (2)
Lafayette
Logansport
Michigan City
Muncie
New Albany
South Bend

IOWA (7)

Bettendorf
Clinton
Council Bluffs
Davenport (2)
Des Moines (2)

KANSAS (2)

Topeka
Wichita

KENTUCKY (14)

Lexington
Louisville (9)
Newport
Owensboro
Paducah
Pleasure Ridge Park

LOUISIANA (19)

Alexandria
Baton Rouge (2)
Lake Charles (2)
Metairie (2)
Monroe
New Orleans (10)
Shreveport

MASSACHUSETTS (2)

Springfield
Worcester

MICHIGAN (7)

Battle Creek
Benton Harbor
Flint
Jackson
Kalamazoo
Lansing
Muskegon

MINNESOTA (14)

Duluth (2)
Edina
Minneapolis (7)
Richfield
St. Paul (2)
St. Louis Park

MISSISSIPPI (2)

Jackson
Vicksburg

MISSOURI (10)

Crestwood
Jennings

Richmond Heights
St. Louis (7)

NEBRASKA (3)

Lincoln
Omaha (2)

NEW JERSEY (3)

East Paterson
Menlo Park
Paramus

NEW MEXICO (1)

Albuquerque

NEW YORK (16)

Albany
De Witt
Hempstead
Levittown
Massapequa Park
New Hyde Park
New York (6)
Niagara Falls
Syracuse
Valley Stream
Yonkers

N. CAROLINA (5)

Durham
Greensboro
Raleigh
Wilmington
Winston-Salem

OHIO (12)

Akron
Cincinnati (3)
Columbus (3)
East Cleveland
Lima
Springfield
Toledo (2)

OKLAHOMA (3)

Tulsa (3)

PENNSYLVANIA (1)

Altoona

S. CAROLINA (4)

Charleston
Columbia (2)
Greenville

S. DAKOTA (2)

Aberdeen
Sioux Falls

TENNESSEE (15)

Knoxville
Madison
Memphis (10)
Nashville (2)
Oak Ridge

TEXAS (37)

Abilene
Amarillo
Beaumont (2)
Corpus Christi (2)
Dallas (6)
Galveston
Houston (13)
Lubbock
Pasadena
Port Arthur (2)
San Antonio (4)
University Park
Waco
Wichita Falls

UTAH (3)

Salt Lake City (3)

VIRGINIA (1)

The Pentagon

W. VIRGINIA (2)

Huntington
Wheeling

WISCONSIN (27)

Appleton
Beloit
Eau Claire
Glendale
Green Bay
Kenosha
Menasha
Milwaukee (17)
Racine
Wauwatosa
West Allis

WYOMING (2)

Casper
Cheyenne



Sanborns
MEXICO

Mexico City (5)
Monterrey

“Walgreens”



DISTRIBUTION OF SALES:

451 Walgreen Drug Stores, serving key communities across the nation, bring *better health, better living, better value* to more than one million customers a day.

In addition, 1852 independently-owned Walgreen Agency Drug Stores carry our name and our products into many areas not directly served by our own stores; and our affiliate in Mexico, the celebrated *Sanborns*, gives international scope to our operations.

- 1** SOUTHERN
\$92,877,067 : 29.7%
- 2** MIDWEST
(Chicago excluded)
\$93,996,347 : 30.1%
- 3** CHICAGO, ILL.
\$63,120,392 : 20.2%
- 4** EASTERN
\$31,518,883 : 10.1%
- 5** WESTERN
\$30,852,558 : 9.9%

... the Nation's Name for Drug Stores''



*“More people trade at Walgreens
than at any other drug stores in the world.”*